

STATE OF ILLINOIS 2001 OCT -6 11:30 AM

ILLINOIS COMMERCE COMMISSION  
CHIEF CLERK'S OFFICE

MENARD ELECTRIC COOPERATIVE, )  
 )  
Complainant, )  
 )  
vs. ) No. 01-0443  
 )  
AMERENCIPS d/b/a CENTRAL ILLINOIS )  
PUBLIC SERVICE COMPANY, )  
 )  
Respondent. )

PREPARED REBUTTAL TESTIMONY OF LYNN FRASCO, P.E.,  
MANAGER FOR MENARD ELECTRIC COOPERATIVE

- 1 Q: Please state your name.
- 2 A: Lynn Frasco.
- 3 Q: Are you the same Lynn Frasco who has presented prepared direct testimony in
- 4 this docket?
- 5 A: Yes.
- 6 Q: Is the prepared direct testimony of Marty Lathom at Page 3, Lines 38-44 to the
- 7 effect that Menard's service in the area is generally more expensive and that this
- 8 has contributed to CIPS having many more customers in the area than Menard,
- 9 thereby keeping their rates down and quality of service up, correct?
- 10 A: Such a statement is misleading.
- 11 Q: In what way is that testimony of Mr. Lathom misleading?
- 12 A: The testimony fails to provide a complete perspective of the business

1 relationship between Menard and CIPS in the area surrounding the Village of  
2 Ashland. In the first place, Menard and CIPS can only serve those customers  
3 that they are otherwise authorized to serve under the Electric Supplier Act. The  
4 service rights of both Menard and CIPS are regulated by the Illinois Commerce  
5 Commission in that regard. Accordingly, the number of customers that each of  
6 Menard and CIPS have in a particular area is dependent upon the development  
7 of the area by the construction of residences and/or the location of business in  
8 the respective regulated areas of each of Menard and CIPS. Generally, CIPS  
9 served the Village of Ashland within its corporate limits and did not serve the  
10 general rural area. Electric service to the rural area did not commence until  
11 after the adoption by the United States Congress of the Rural Electrification Act  
12 of 1936 which authorized loans for rural electrification to furnish and improve  
13 electric service in the rural areas. At the time, the investor owned utilities, such  
14 as CIPS, were unwilling to make the necessary investment to provide broad area  
15 coverage of electric service to the sparsely populated rural areas. This included  
16 the rural areas surrounding the Village of Ashland.

17 Q: Is this phenomenon represented by any of the exhibits in this docket?

18 A: Yes. The development of electric service in the rural area is aptly shown by  
19 Menard map Exhibit 18 and the CIPS map Exhibit B. Both show the location of  
20 rural customers in the area surrounding the Village of Ashland, as well as, the  
21 dates of the service connection for each customer. As you can see, CIPS only  
22 connected rural customers located immediately adjacent to their express feeders

1 running between the towns. All other rural areas were without electricity until  
2 service was provided by Menard. As you can see, Menard has many more  
3 customers in the area surrounding Ashland than does CIPS.

4 Q: What, if any, effect does the cost of electric service from either Menard or CIPS  
5 have upon the location of businesses or residences within the rural area?

6 A: Menard has more lines in the rural area and thus more existing service and most  
7 of the rural area outside of the Village of Ashland is territory that will generally  
8 be assigned to Menard by the regulatory process of the Electric Supplier Act and  
9 the Illinois Commerce Commission. Thus, the cost of electric service has little,  
10 if any, effect upon the number of customers served by either Menard or CIPS in  
11 the rural area around the Village of Ashland. Rather the main circumstance  
12 giving rise to the number of customers in the rural area surrounding the Village  
13 of Ashland is dependent upon the number of individuals who wish to live in the  
14 rural area or who wish to operate a business in the rural area. Generally, the  
15 area surrounding the Village of Ashland has in the past and continues today to  
16 be limited to farm residences, farm or agricultural operations, and subdivisions  
17 located in the rural area.

18 Q: Is the testimony of Mr. Lathom on Page 3, Lines 38-40 that Menard's electric  
19 service is generally more expensive and less reliable than CIPS correct?

20 A: It is only partly correct.

21 Q: What do you base that statement upon?

22 A: First, Menard's service is just as reliable as CIPS' service as shown by the

1           outage information provided by James Rechner in his rebuttal testimony.

2           Secondly, Menard has a special rate that it provides to those who utilize only  
3           electricity to heat and cool their establishments. This generally is done through  
4           a geo-thermal heating and cooling system. Menard provides a lower electric  
5           rate for such systems.

6           Q: Can you explain, based upon your own experience, how Menard's special rate  
7           for geothermal systems affects the overall heating, cooling, and operating costs  
8           of a typical family residence when compared to a similar residence utilizing  
9           electricity and natural gas for heating, cooling, and operating costs?

10          A: Yes. I built a new residence of approximately 2,600 square feet in 1999 and  
11          installed a geo-thermal heating and cooling system. Over the last four years my  
12          annual heating and cooling expense has averaged \$1,700.00 per year. When I  
13          constructed my house I investigated the cost of using conventional heating with  
14          gas and electric for cooling when compared with all electric heating and cooling  
15          using a geo-thermal system. Based upon that investigation and my experience,  
16          the use of the all electric special rate of Menard to provide heating and cooling  
17          for my residence has resulted in an annual cost that is at least \$200.00 per year  
18          less than if conventional heating with gas and cooling with electric were used.

19          Q: Based upon your experience as Manager of Menard and your personal  
20          experience, do you have an opinion whether Menard's special rate for all  
21          electric geo-thermal heating and cooling is competitive with the cost for  
22          conventional gas and electric used for heating and cooling systems served by

1 CIPS?

2 A: Yes. Using Menard's special rate for geo-thermal heating and cooling will  
3 generally be competitive with the cost for conventional gas and electric used for  
4 heating and cooling systems using CIPS service.

5 Q: Have you had occasion as the Manager of Menard to deal with subdivisions in  
6 which both Menard and CIPS provide electric service?

7 A: Yes.

8 Q: Have you had an opportunity when dealing with those subdivisions to  
9 experience some of the factors that potential purchasers rely upon to determine  
10 whether or not to buy lots which are provided electric service either by CIPS or  
11 Menard?

12 A: Yes.

13 Q: What has been your experience in that regard?

14 A: My experience has shown that which electric supplier provides electric service  
15 to a particular lot in a subdivision is not the major priority of potential  
16 purchasers of those lots. Rather, potential customers are more interested in the  
17 size, view, and general layout of the lot, as well as, its location with respect to  
18 residential and urban services and schools. Which electric supplier may be  
19 providing electric service to the lot is generally a lesser priority to the potential  
20 customers. This is particularly true when there is not very much difference  
21 between the electric suppliers with respect to the cost of service for heating,  
22 cooling and operating the residence.

1 Q: Does this conclude your rebuttal testimony?

2 A: Yes.

3 Lynn Frasco

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**PROOF OF SERVICE**

I, JERRY TICE, hereby certify that on the 5th day of October, 2004, I deposited in the United States mail at the post office at Petersburg, Illinois, postage fully paid, a copy of the document attached hereto and incorporated herein, addressed to the following persons at the addresses set opposite their names:

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A handwritten signature in cursive script, reading "Jerry Tice", is written over a horizontal line.

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